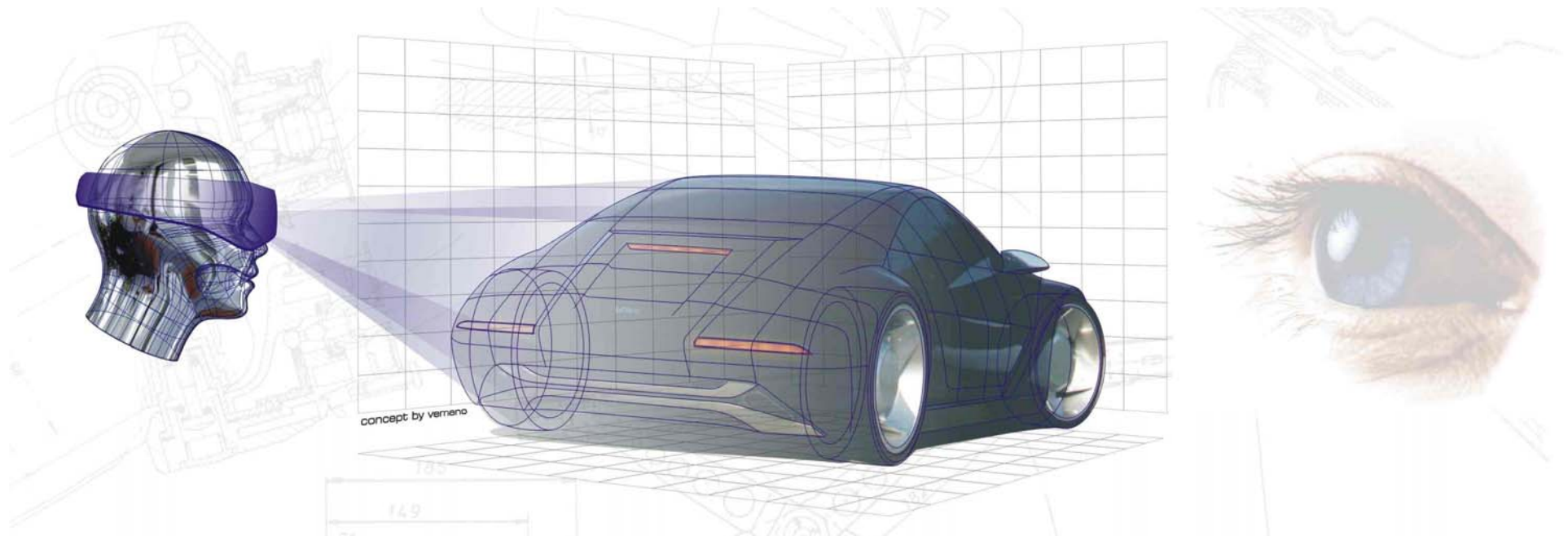




VERBUNDINITIATIVE „AUTOMOBILZULIEFERER SACHSEN“

Auftraggeber: Sächsisches Staatsministerium für Wirtschaft und Arbeit | Projektträger: RKW Sachsen GmbH Dienstleistung und Beratung

The Eastern German Automotive Cluster - a Japanese Supplier Perspective



Gert Herrmann

Content

Part 1: Automotive Clusters

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Part 4: Video Session “Chemnitz”



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Part 1:

Automotive Clusters



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Characteristics of an Automotive Cluster

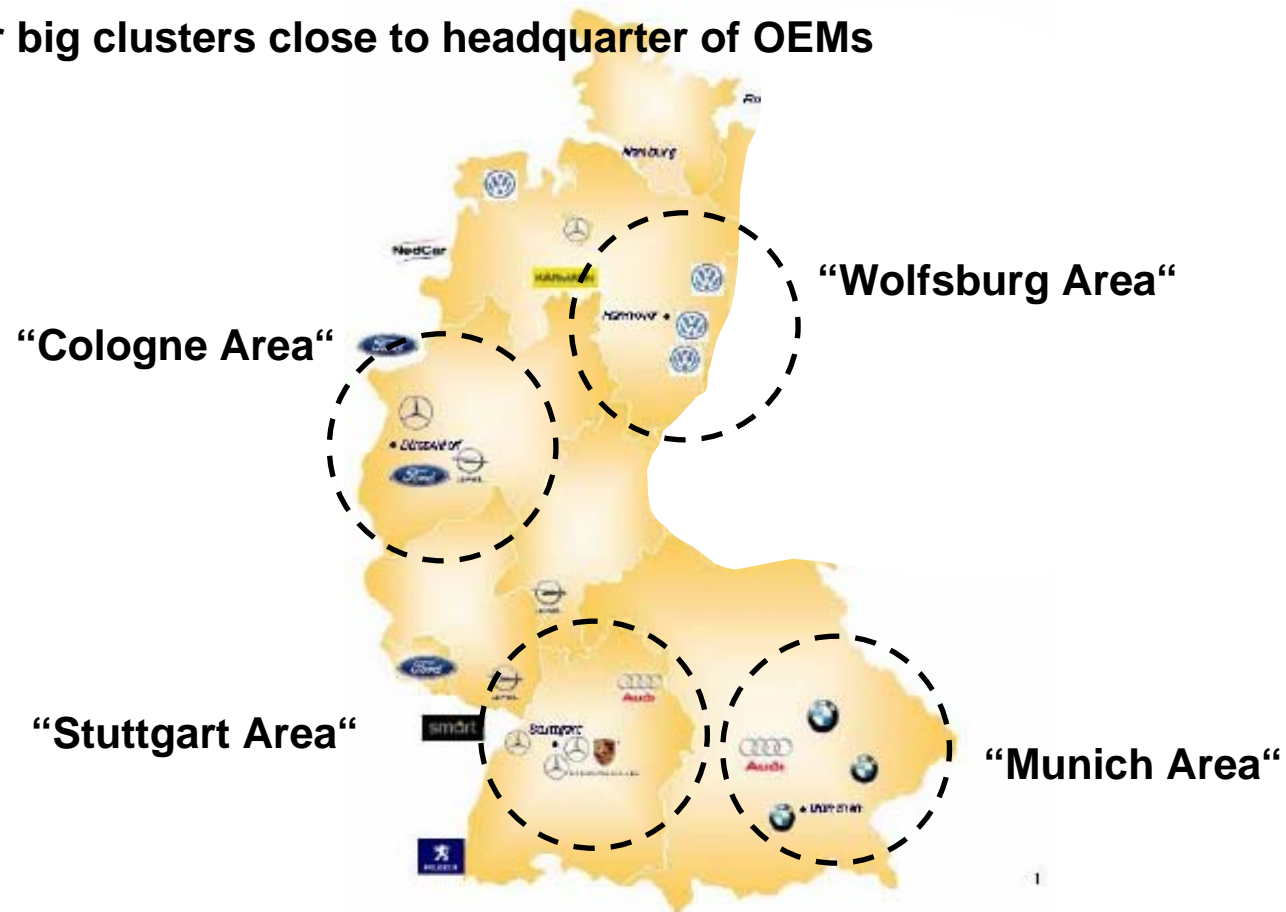
An Automotive Cluster

*represents a high concentration of OEMs and suppliers
who have set up a network of co-operation
within a relatively small area.*



Traditional Automotive Clusters in Western Germany

Four big clusters close to headquarter of OEMs



1



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New Automotive clusters in Eastern Germany

New clusters close to OEM's production sites

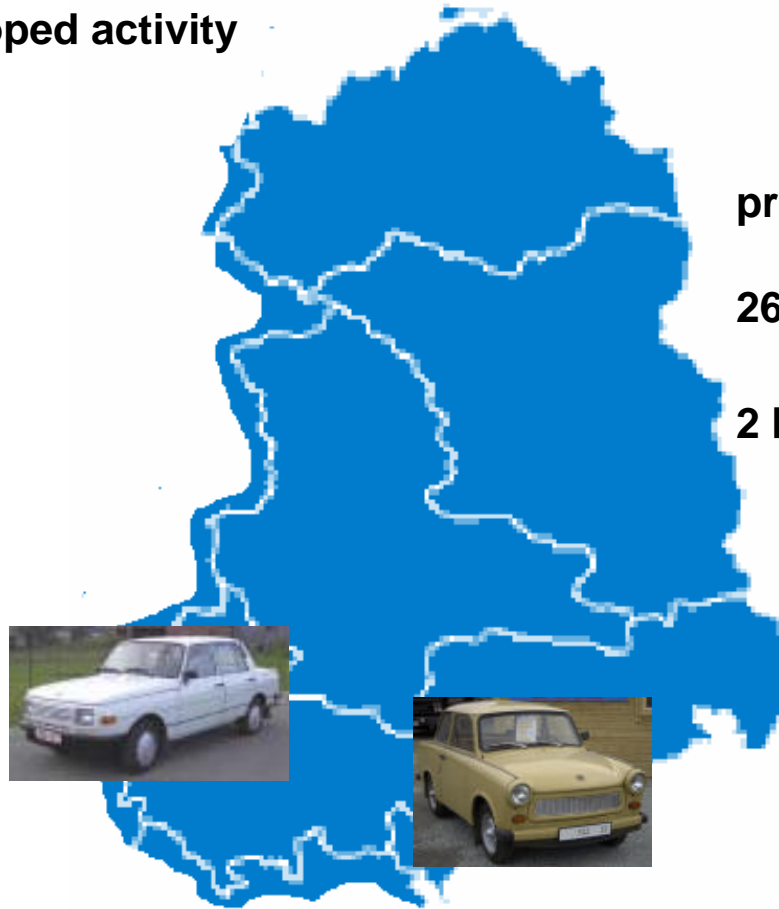


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The Automotive Industry in Eastern Germany before 1990

An underdeveloped activity



production of 217.000 cars per year

26 production facilities

2 brands



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The Automotive Industry in Eastern Germany in 2004

Strong development within 14 years



The Automotive Industry in Eastern Germany in 2004

The Automotive Cluster in Saxony

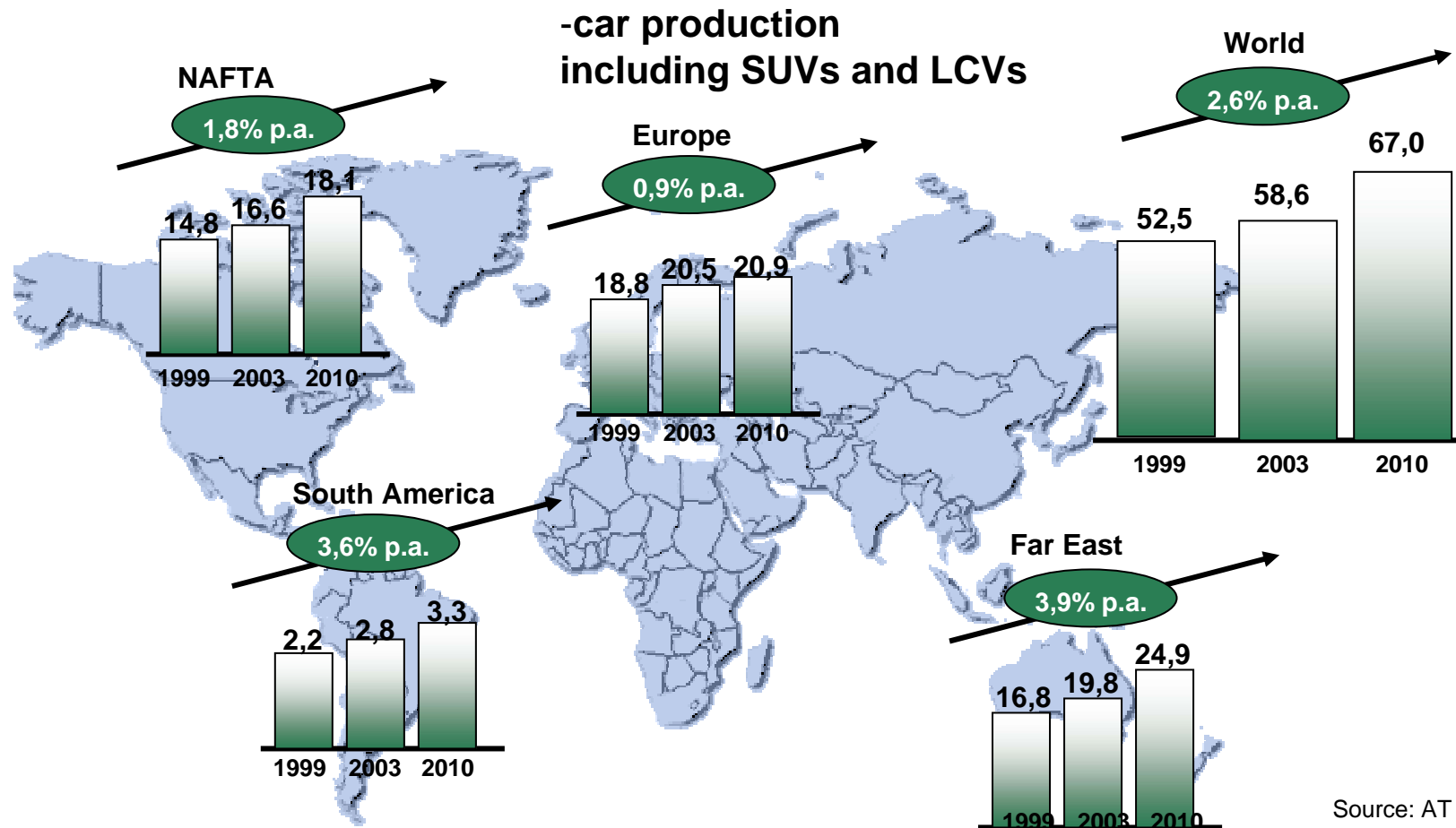


Part 2 :

Trends in the Automotive industry



Vision of world-wide growth in the Automotive industry

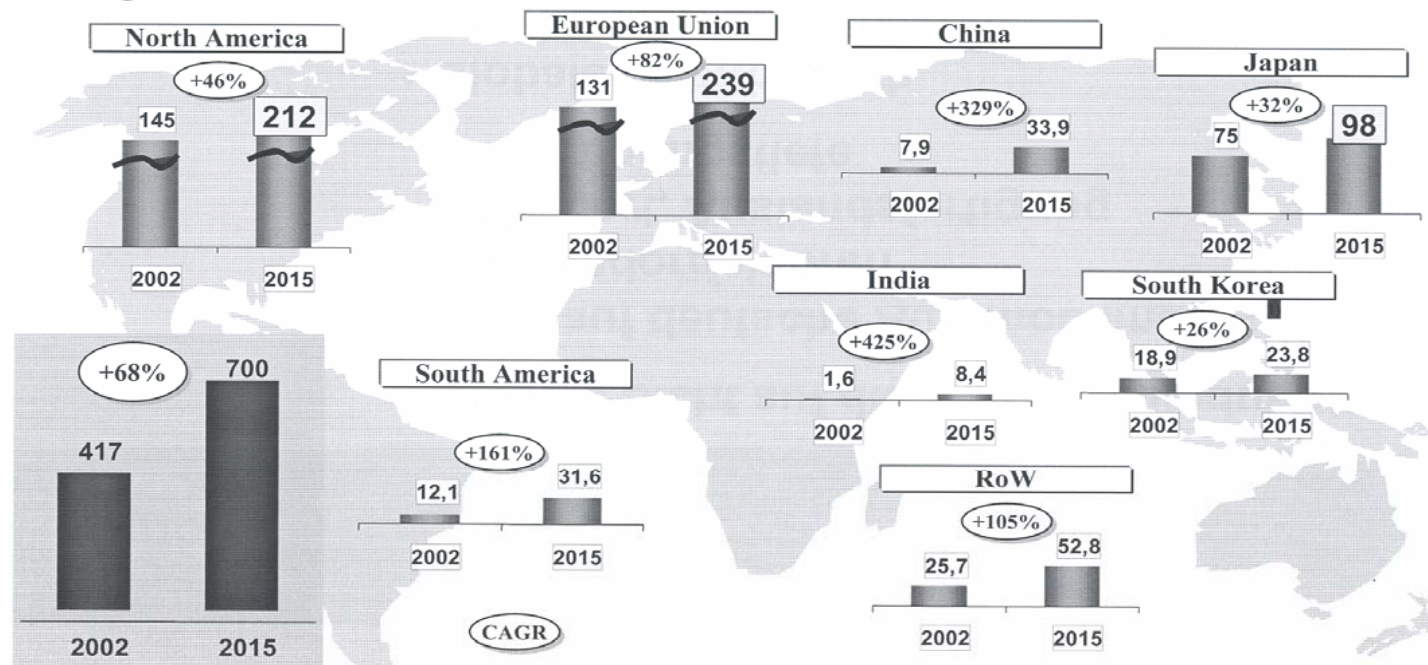


Source: AT Kearney

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Sales growth forecast of the supplier industry

Strong growth in emerging markets and major markets Europe, USA and Japan



Automobilforum 04.05.2004, Böstler

Quelle: Mercer Consulting / Fraunhofer Gesellschaft 2003

by grafikpool

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One trend is to relocate production to “low-wage countries”

A recent study from Ernst & Young states

Soon, one in two western European suppliers will be operating in eastern Europe or China. Just under 40 percent are already running their own production plants there and 16 percent are planning to relocate.

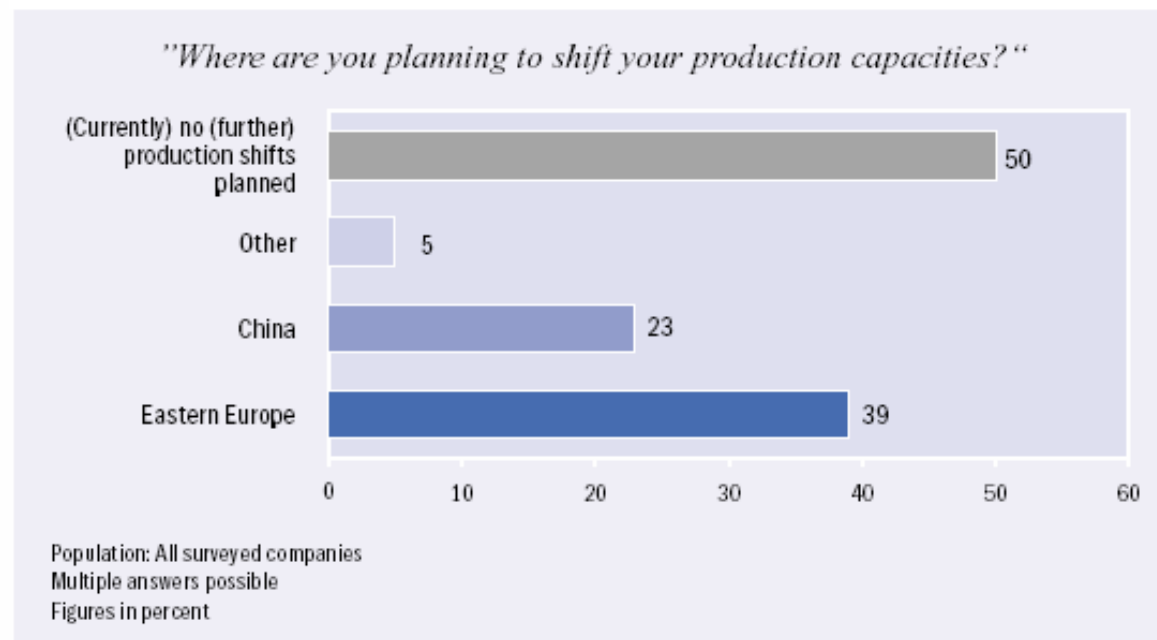
Source: E & Y



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One trend is to remain in the home country

50 % of German suppliers do not plan to shift production to “low-wage countries”



Source: E & Y



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Reasons to keep production in Germany

Other factors of attractiveness besides costs

- *Employee qualifications*
- *Flexibility of labor force*
- *Working attitudes*
- *Employee motivation*
- *Proximity to attractive sales markets*
- *Proximity to manufacturers (OEMs)*
- *Regional infrastructure*
- *Political framework*

Source: E & Y



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Part 3 :

Eastern German Automotive Clusters – Example Saxony



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The Automotive Cluster Saxony

Plenty of activities



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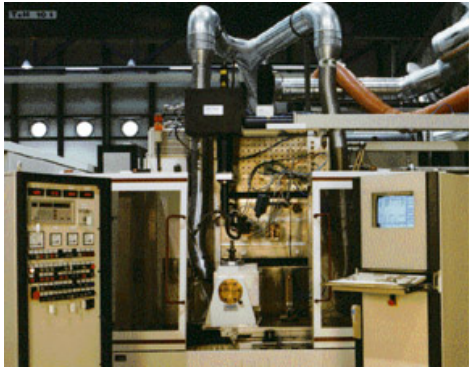
Growth driven by highly sophisticated products



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Growth driven by highly sophisticated production processes

Laser processing machine



High-power diode laser



Machine systems for laser hardening



Assembly plant for precision components



Filling system gas generator



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Success factor industrial structure

Numerous existing co-operations in the automotive sector with companies from

- ✓ motor industry
- ✓ mechanical engineering
- ✓ production engineering
- ✓ metal processing industry
- ✓ electrical industry
- ✓ textile industry
- ✓ plastics industry



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Success factor employee qualification and motivation

- ✓ **over 40,000 high qualified and motivated specialists and automotive sector executives in the area, thereof 13% with a matriculation standard and 60% specialists, mostly in the metal processing sector**
- ✓ **more than 10,000 high potentials graduating from 4 regional universities or colleges each year**
- ✓ **standard working time is 40 hours per week in full shifts**
- ✓ **low downtimes as well as self-certifications below German average**

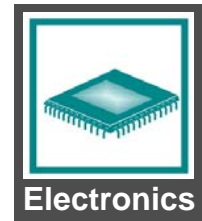
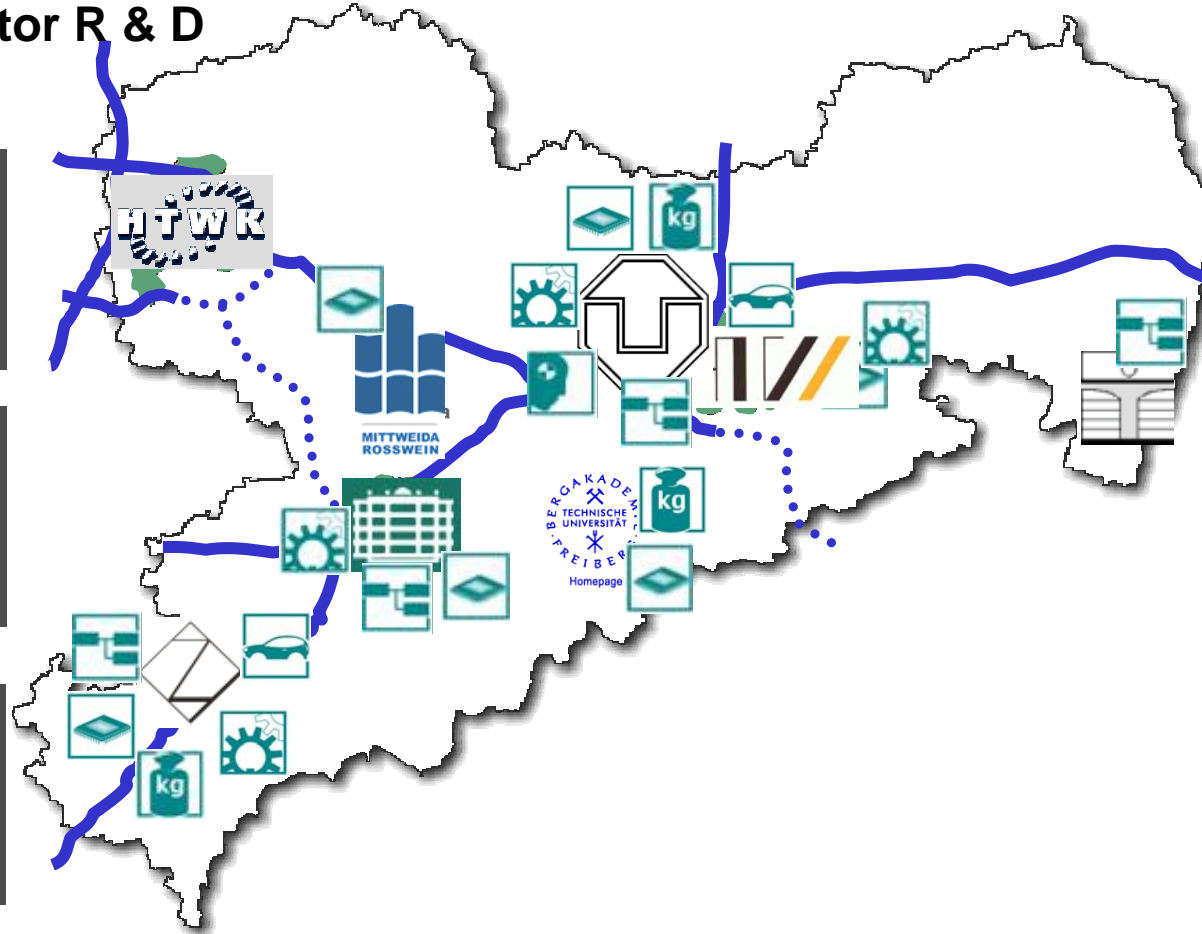
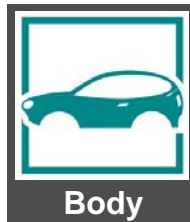


Success factor employee education

- ☑ Four universities and colleges with more than 25,000 students in the area:
 - University of Technology Chemnitz with nearly 20 affiliated institutes,
 - University of Applied Sciences Mittweida,
 - University of Technology Mining College Freiberg,
 - University of Applied Sciences Zwickau
- ☑ Fraunhofer Institute for Machine Tools and Forming Technology
- ☑ many research institutes with focus on automotive sector
- ☑ Technology Center Chemnitz – largest and most successful technology center in East Germany



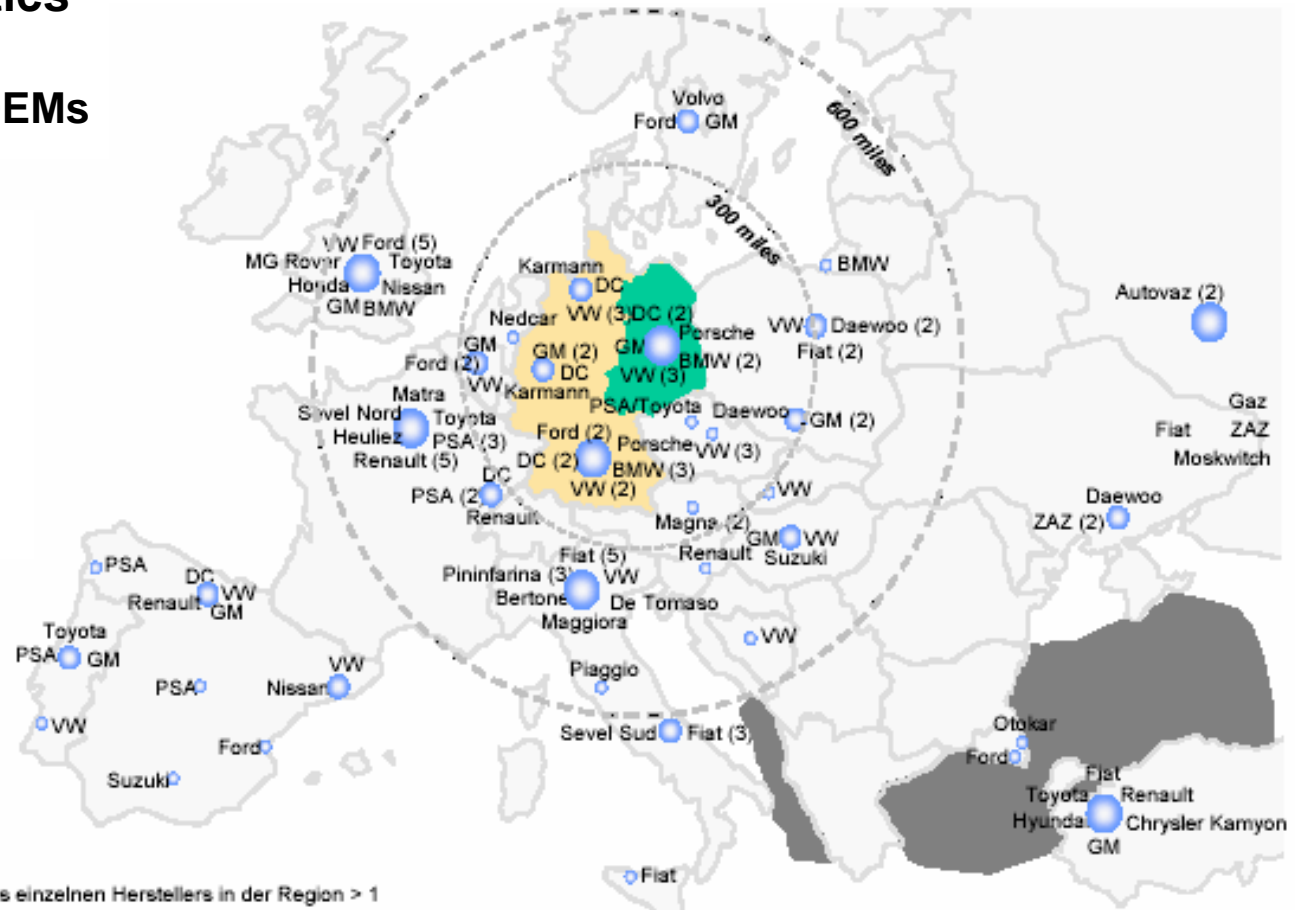
Success factor R & D



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Success factor Logistics

Proximity to European OEMs



* in Klammern: Die Zahl von Produktionsanlagen eines einzelnen Herstellers in der Region > 1

Quelle: Automotive News Europe; AMZ Sachsen - Verbundinitiative "AutoMobilZulieferer Sachsen"



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Success factor Logistics

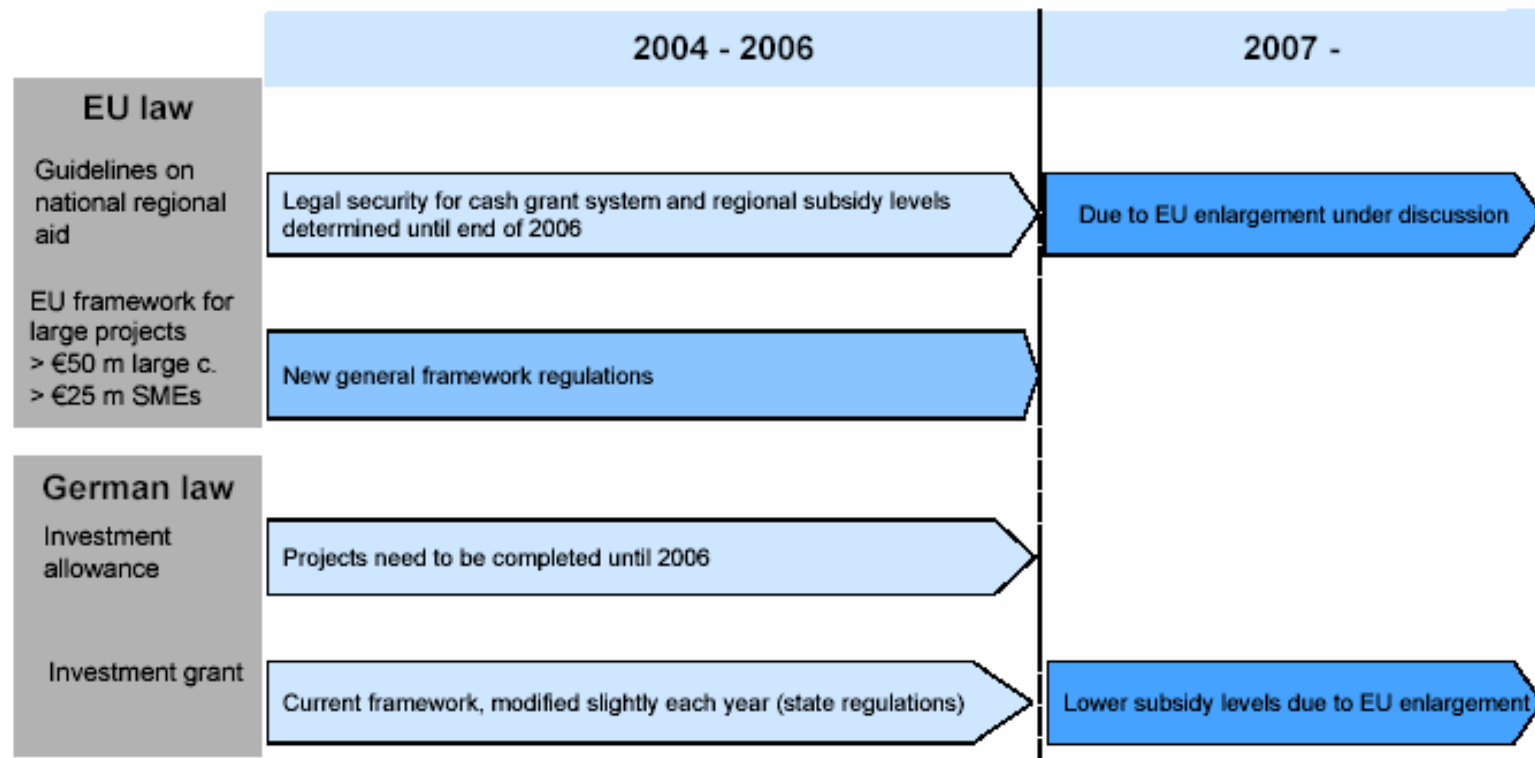
Good traffic connections



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Political framework

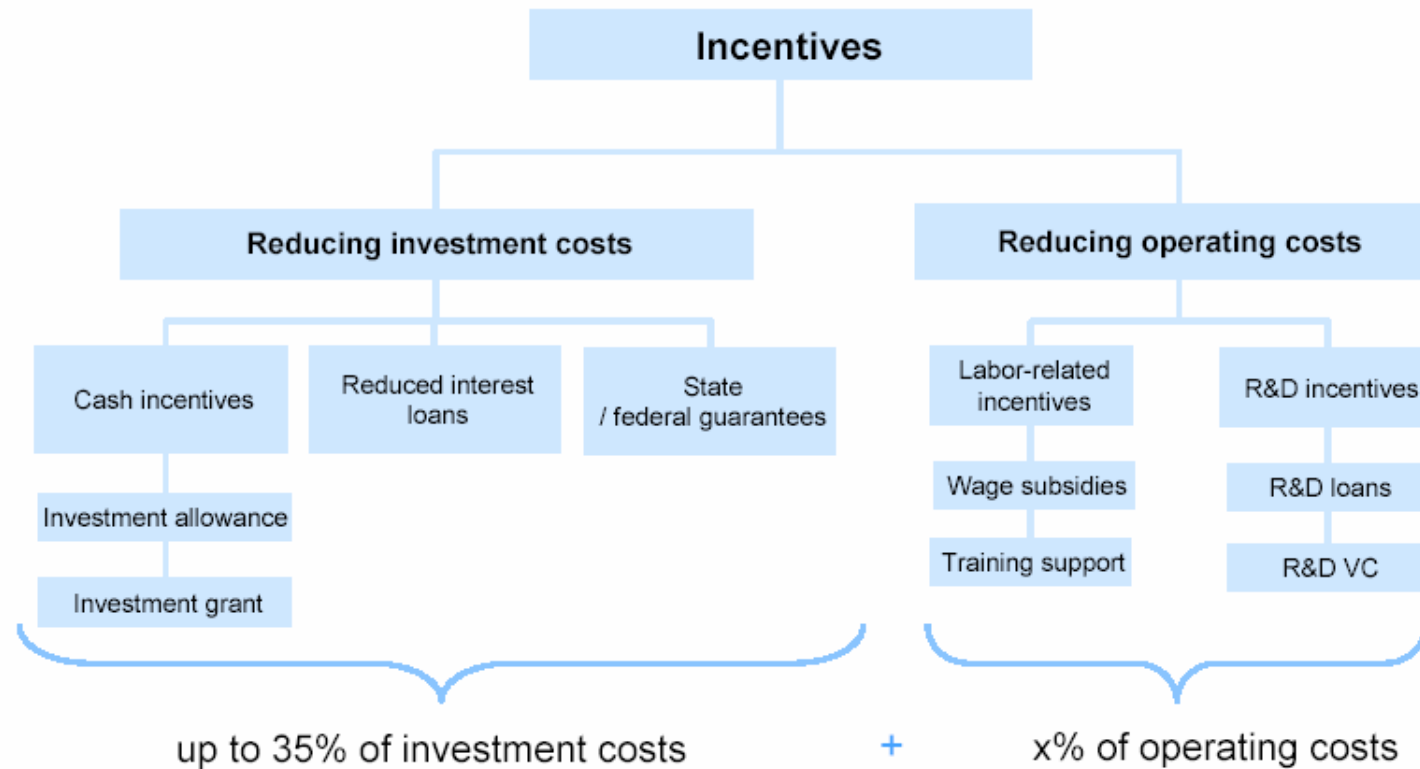
Good financial conditions



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Political framework

Good financial conditions



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Japanese participation in Saxony's Automotive Cluster

SHIN NIPPON KOKI CO., LTD.
SNK

Togo Scherdel GmbH

NAGANO KEIKI CO., LTD.



TAKATA

HITACHI

DENSO

TD Deutsche Klimakompressor
GmbH (TDDK)



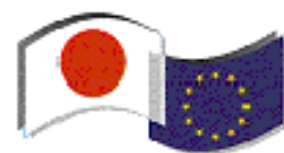
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Part 4 :

Video Session

“Chemnitz”





International Symposium

国際シンポジウム

**Recent Developments in the Automotive
Supplier Industry in Japan and the EU**

日本とEUにおける自動車
サプライヤー産業の発展